

**Recent In-depth Reports**

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12/12	Renewable energy
27/11	Telco Sector
25/09	Interlink Communication Plc. (ILINK.BK/ILINK TB)
08/09	Samart Corporation (SAMART.BK/SAMART TB)
05/09	Telco Sector
21/08	Samart i-Mobile (SIM.BK/SIM TB)
19/08	Advanced Info Service (ADVANC.BK/ADVANC TB)
07/03	PTT Exploration and Production Plc. (PTTEP.BK/PTTEP TB)
09/12	Namyong Terminal Plc. (NYT.BK/NYT TB)
04/12	Banpu Plc (BANPU.BK/BANPU TB)
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**Highlight****TH Banking sector: Low loan demand on high season loan growth**

Though we have a more bullish view on the banking sector next year, we are cautious about the risk of NPLs increasing in the short term and rising LLP in 4Q14 and 1Q15. We recommend investors buy on weakness.

**TH Transportation sector: Starting to take off**

Looking ahead, we are now optimistic on the outlook for air transport in Thailand, as the sector will likely gain from the sharp fall in oil prices globally. This will lead to lower fuel prices for airline operators, which account for 30-40% of costs. In addition, we foresee the aviation sector benefiting from increasing domestic demand in the tourism sector and the government's tax reduction program for corporate and individuals traveling domestically during 4Q14 and 2015.

# Banking sector

## Key messages

Though we have a more bullish view on the banking sector next year, we are cautious about the risk of NPLs increasing in the short term and rising LLP in 4Q14 and 1Q15. We recommend investors buy on weakness.

## Low loan demand on high season loan growth

### Event

Bank balance sheets for November 2014 showed sluggish corporate loan demand and further contraction in the consumer loan segment, but most banks are in silent mode, except for Krung Thai Bank (KTB.BK/KTB TB)\*, which turned active in both lending and fund raising. We believe that its outstanding loan growth and deposit growth reflect more loan demand from government related loan projects.

### Impact

#### No seasonal loan demand

There were two key implications from lending during October-November; i) consumer loans contracted further as seen by the further decline in loans for Kiatnakin Bank (KKP.BK/KKP TB)\*, Thanachart Capital (TCAP.BK/TCAP TB)\*, and Tisco Financial Group (TISCO.BK/TISCO TB)\* with their YTD loans contracting -2%/-4%/-7% respectively, and ii) weak loan demand from the corporate and SME segments despite the fourth quarter being the high season for loan drawdown. By bank, only Kasikornbank (KBANK.BK/KBANK TB)\* and KTB were active and reported pickups in loan growth of +2%/+3% MoM or +7%/+8% YTD, respectively. Though sector loan growth has been weak at 3% YTD, Siam Commercial Bank (SCB.BK/SCB TB) and Bangkok Bank (BBL.BK/BBL TB)\* were even worse, as each showed zero loan growth so far this year.

#### Deposits grew in line with loans, except KTB which aggressively raised deposit

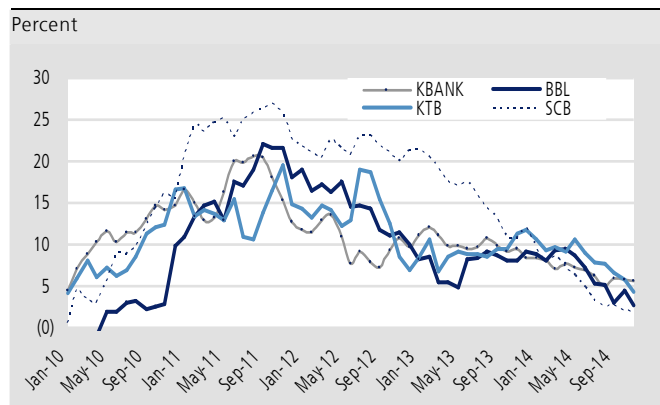
Loan growth was 1% MoM and 3% YTD in November 2014, deposit and borrowing grew at a slightly faster pace of 2% MoM and 4% YTD, particularly KTB. Since KTB began its deposit campaign in October, its deposit base has risen dramatically over the past two month by 7% MoM and 13% YTD in November, a much faster pace than the growth of loans at 8% YTD. We believe that the anticipation of loan demand from government-related loan projects has encouraged the bank to raise deposits.

#### Outlook – disconnection between GDP recovery and peak of NPLs

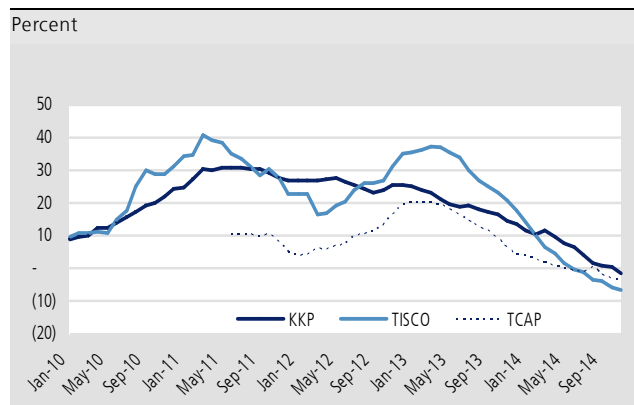
Although economic growth should have bottomed out in 3Q14, we think the risk of NPL inflow will remain in 4Q14 and 1Q15. The sector NPL ratio is stable at 2.4%, but there is a mixed-trend in each segment NPL trend inside. According to the Bank of Thailand's NPL breakdown by loan segment, the NPL ratio from the consumer loan segment (represents 31% of system-wide NPL) and SME & trading companies (at 16% of system-wide NPL) rose dramatically over the past two quarters (Figures 3 & 4). Rising NPLs on these loans reflects weak consumer debt servicing ability which is currently tight.

#### Cautious and looking for recovery in 2Q15

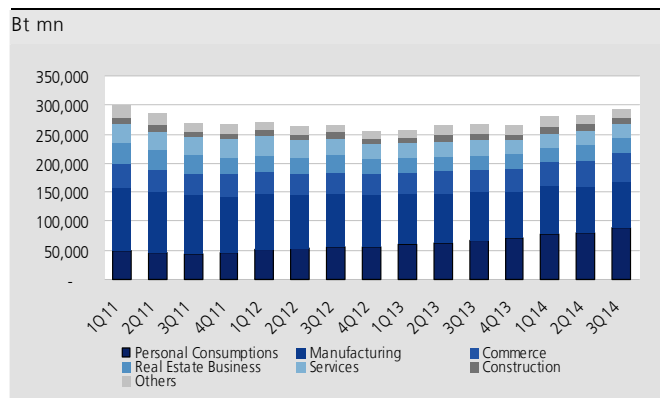
Although valuations of small banks look cheap, even faster loan contraction and huge losses on selling repossessed cars has us maintain a bearish view on all small banks and look to buy when signs of losses on repossessed cars abates in mid-2015. Meanwhile, big banks have been losing loan momentum since the economy turned sluggish in 2013. Rising NPLs should continue until 1Q15 and with recovery in loan growth not expected until 2Q15, we are cautious about investing in the banking sector. We maintain Neutral ratings on KBANK and SCB given their undemanding valuations, rate Outperform on KTB and BBL as they have new trough valuations, and rate Underperform on all small banks, KKP, TCAP, TISCO.

**Figure 1: Loan growth trend (YoY) – banks are losing loan growth momentum, faster decline for SCB**


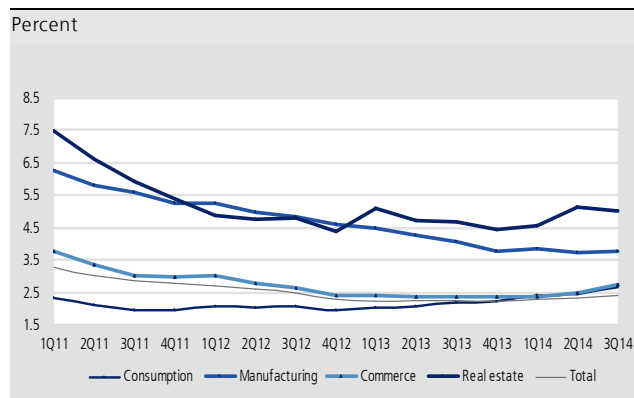
Source: SET, KGI Research estimates

**Figure 2: Loan contraction for small banks (negative loan growth trend)**


Source: SET, KGI Research estimates

**Figure 3: Gross NPL by loan segment**


Source: SET, KGI Research estimates

**Figure 4: NPL ratio by segment**


Source: SET, KGI Research estimates

**Expect huge provision to accelerate bad-debt write-offs in 4Q14**

NPLs are the key risk for the banking sector over the next six months. With an attempt to keep the NPL ratio stable, most banks need to raise credit costs in order to aggressively write-off bad loans. The rise in consumer loan NPLs primarily reflects the rise in NPLs from mortgages, and this trend should be monitored closely going forward. In 4Q14, we expect KTB to raise provisioning (LLP), while BBL, KBANK, and SCB will maintain LLP at the same range as 3Q14. Meanwhile, all small banks will raise LLP more aggressively for bad debt write-offs and huge losses on selling repossessed cars.

**Figure 5: Credit cost by bank**

Bps	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
BBL	41	43	40	62	44	81	41	40	40	53	76
KBANK	60	60	63	80	104	63	84	84	101	82	97
SCB	42	67	54	92	63	65	100	98	74	74	75
KTB	41	41	40	276	40	100	81	73	40	118	63
TMB	124	88	109	474	98	307	100	139	93	23	65
<b>Small banks</b>											
KKP	52	128	94	74	119	145	65	103	140	60	109
TCAP	24	27	58	44	66	302	79	96	84	110	93
TISCO	55	112	93	86	141	115	109	220	164	175	167

Source: KGI Research

**Figure 6: Bank's monthly balance sheet**

Unit : Bt bn	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	% growth			
													MoM	YTD	YoY	
<b>Investment</b>																
BAY	104	111	113	106	102	126	124	119	127	124	126	128		1%	23%	13%
BBL	395	382	365	385	354	374	411	393	371	369	336	380		13%	-4%	-3%
KBANK	337	311	324	338	340	333	343	332	330	329	339	338		0%	0%	0%
KTB	236	244	272	281	241	233	250	231	242	258	247	255		3%	8%	-10%
SCB	396	357	361	345	341	314	332	316	350	347	343	392		14%	-1%	-4%
TMB	105	102	124	114	123	116	120	107	105	95	94	109		16%	4%	-4%
KKP	33	30	33	31	30	30	32	34	34	37	35	37		6%	11%	9%
TCAP	150	159	166	155	158	153	141	132	133	145	142	158		11%	5%	8%
TISCO	11	14	17	16	16	17	18	14	13	12	13	13		-1%	10%	18%
<b>Total</b>	<b>1,767</b>	<b>1,709</b>	<b>1,774</b>	<b>1,772</b>	<b>1,706</b>	<b>1,694</b>	<b>1,771</b>	<b>1,678</b>	<b>1,705</b>	<b>1,717</b>	<b>1,676</b>	<b>1,810</b>		<b>8%</b>	<b>2%</b>	<b>-2%</b>
<b>Loans</b>																
BAY	803	787	780	805	806	795	803	800	810	833	834	843		1%	5%	8%
BBL	1,620	1,610	1,616	1,609	1,611	1,613	1,653	1,615	1,640	1,604	1,612	1,613		0%	0%	3%
KBANK	1,383	1,397	1,404	1,392	1,404	1,415	1,411	1,425	1,428	1,438	1,452	1,474		2%	7%	6%
KTB	1,659	1,677	1,682	1,703	1,705	1,739	1,740	1,738	1,741	1,733	1,734	1,794		3%	8%	8%
SCB	1,673	1,661	1,655	1,673	1,664	1,663	1,671	1,653	1,656	1,663	1,656	1,676		1%	0%	2%
TMB	468	473	472	469	474	482	480	494	498	497	500	504		1%	8%	11%
KKP	186	186	186	193	191	190	189	187	184	183	184	182		-1%	-2%	-1%
TCAP	761	763	762	760	756	754	753	751	759	742	735	728		-1%	-4%	-4%
TISCO	286	283	280	279	277	274	274	273	269	268	265	266		0%	-7%	-6%
<b>Total</b>	<b>8,840</b>	<b>8,838</b>	<b>8,839</b>	<b>8,882</b>	<b>8,888</b>	<b>8,927</b>	<b>8,974</b>	<b>8,936</b>	<b>8,986</b>	<b>8,962</b>	<b>8,973</b>	<b>9,080</b>		<b>1%</b>	<b>3%</b>	<b>4%</b>
<b>Interbank asset - Interbank liability</b>																
BAY	28	51	61	24	34	33	39	60	53	24	26	19		-26%	-32%	-43%
BBL	242	265	313	272	282	268	202	223	229	292	343	339		-1%	40%	30%
KBANK	27	65	79	41	62	34	46	52	54	94	66	57		-14%	111%	-18%
KTB	249	243	230	237	256	180	137	229	223	211	306	400		31%	61%	120%
SCB	31	42	53	72	69	92	120	150	148	147	135	114		-15%	269%	47%
TMB	30	33	34	48	50	45	34	39	61	60	62	33		-47%	9%	-10%
KKP	(0)	4	8	2	9	9	8	4	1	(3)	(5)	(9)		77%	1780%	-541%
TCAP	(11)	(16)	(28)	(46)	(55)	(23)	(0)	19	15	2	21	(0)		-101%	-97%	-99%
TISCO	37	26	29	13	13	10	10	11	16	11	9	12		33%	-66%	-55%
<b>Total</b>	<b>811</b>	<b>893</b>	<b>992</b>	<b>860</b>	<b>931</b>	<b>843</b>	<b>768</b>	<b>1,021</b>	<b>1,022</b>	<b>1,045</b>	<b>1,193</b>	<b>1,174</b>		<b>-2%</b>	<b>45%</b>	<b>37%</b>
<b>Deposit &amp; Borrowing</b>																
BAY	876	887	890	792	873	883	896	909	912	908	909	912		0%	4%	6%
BBL	2,012	2,013	2,043	2,005	1,993	1,993	1,975	1,963	1,961	1,993	2,023	2,061		2%	2%	4%
KBANK	1,604	1,636	1,658	1,619	1,649	1,628	1,644	1,643	1,640	1,696	1,696	1,701		0%	6%	3%
KTB	2,013	2,020	2,035	2,062	2,051	1,991	1,983	2,045	2,041	2,031	2,125	2,276		7%	13%	15%
SCB	1,916	1,875	1,869	1,882	1,849	1,858	1,909	1,903	1,934	1,944	1,946	1,969		1%	3%	1%
TMB	568	576	590	596	605	607	604	603	618	613	609	593		-3%	4%	5%
KKP	187	188	197	193	196	196	197	191	186	184	181	175		-3%	-6%	-7%
TCAP	825	830	822	788	780	801	812	821	814	809	813	797		-2%	-3%	-2%
TISCO	309	298	300	282	280	276	276	272	273	265	260	263		1%	-15%	-12%
<b>Total</b>	<b>10,309</b>	<b>10,322</b>	<b>10,405</b>	<b>10,220</b>	<b>10,277</b>	<b>10,234</b>	<b>10,296</b>	<b>10,349</b>	<b>10,378</b>	<b>10,443</b>	<b>10,563</b>	<b>10,747</b>		<b>2%</b>	<b>4%</b>	<b>4%</b>
<b>LDR (include borrowings)</b>																
BAY	94%	91%	90%	104%	95%	93%	92%	90%	91%	94%	94%	95%				
BBL	81%	80%	79%	80%	81%	81%	84%	82%	84%	81%	80%	78%				
KBANK	86%	85%	85%	86%	85%	87%	86%	87%	87%	85%	86%	87%				
KTB	82%	83%	83%	83%	83%	87%	88%	85%	85%	85%	82%	79%				
SCB	87%	89%	89%	89%	90%	89%	88%	87%	86%	86%	85%	85%				
TMB	82%	82%	80%	79%	78%	79%	80%	82%	81%	81%	82%	85%				
KKP	99%	99%	95%	100%	97%	97%	96%	98%	99%	100%	102%	104%				
TCAP	92%	92%	93%	96%	97%	94%	93%	92%	93%	92%	90%	91%				
TISCO	93%	95%	93%	99%	99%	99%	99%	100%	99%	101%	102%	101%				
<b>Total</b>	<b>86%</b>	<b>86%</b>	<b>85%</b>	<b>87%</b>	<b>86%</b>	<b>87%</b>	<b>87%</b>	<b>86%</b>	<b>87%</b>	<b>86%</b>	<b>85%</b>	<b>84%</b>				
<b>BV/sh (Bt)</b>																
BAY	16.5	16.6	16.6	16.7	18.1	18.2	18.2	18.4	18.2	18.2	18.4	18.5				
BBL	151.4	152.4	154.6	157.3	154.4	157.7	160.2	161.4	161.9	162.9	162.9	165.6				
KBANK	86.3	87.9	89.3	90.9	89.3	90.9	92.5	94.1	95.1	96.5	98.0	99.3				
KTB	14.5	14.7	14.9	15.1	14.4	14.7	14.8	15.1	15.3	15.5	15.7	15.9				
SCB	68.6	69.6	70.7	71.9	70.2	72.0	73.3	74.4	74.1	75.5	76.6	77.8				
TMB	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6				
KK	40.2	40.0	41.0	41.3	40.3	39.9	40.9	41.1	40.9	40.9	41.6	42.0				
TCAP	37.1	37.4	37.9	38.3	37.6	38.1	38.5	38.8	39.1	38.9	39.3	39.9				
TISCO	31.9	32.2	32.7	33.3	31.5	32.0	32.6	33.1	33.8	34.2	34.7	35.2				

Source: Bank data, KGI Research

# Transportation industry

## Key messages

Looking ahead, we are now optimistic on the outlook for air transport in Thailand, as the sector will likely gain from the sharp fall in oil prices globally. This will lead to lower fuel prices for airline operators, which account for 30-40% of costs. In addition, we foresee the aviation sector benefiting from increasing domestic demand in the tourism sector and the government's tax reduction program for corporate and individuals traveling domestically during 4Q14 and 2015.

## Starting to take off

### Event

We are more positive about the outlook for Thailand's aviation sector, led by i) falling crude oil prices globally, ii) recovery in the tourism industry, iii) domestic tourism stimulus package through the government's tax reduction program during 4Q14-2015.

### Impact

#### Plunging oil prices reducing fuel costs for airline operators

It is obvious that Thailand was negatively impacted by the political unrest during 1H14. This was followed by the coup d'état and implementation of martial law. Consequently, Thailand's tourism slowed. However, the situation has turned more positive following the price war in the global oil market between the US and OPEC in 4Q14. In our view, the price competition of giant oil suppliers is an unexpected factor and gives a positive story for the airline industry, as jet fuel accounts for about 30-40% of airline costs.

#### Recovering tourism industry

The Department of Tourism of Thailand announced international tourist arrivals of 2.4mn (+12% MoM; +2.5% YoY) in November. The third consecutive month of recovery was primarily led by tourists from China (+2% MoM; +59% YoY), despite a 11M14 slowdown in tourist numbers of 8.6% YoY.

#### Thai government stimulus package

Another factor to improve domestic tourism would be the government's stimulus measures. The key driver is the tax reduction program offered to businesses (100%) and individuals (up to Bt15,000) that buy package tours and hotel rooms in Thailand during 4Q14 and 2015. This should be a good catalyst to help Thailand's tourism industry continue to grow for the rest of 2014 and next year. Finally, airlines will gain from i) increase in the number of tourists to Thailand. and ii) frequency improvement.

### Stocks for Actions

We are optimistic about Thailand's aviation business during 4Q14 and next year, as the overall picture is now turning positive. Hence, airline operators and related companies will continue to recover, reflecting the companies' earnings outlooks since 4Q14. Currently, we like Asia Aviation (AAV.BK/AAV TB)\* because of its 4Q14 earnings. We view AAV as a proxy of the aviation sector as the company will benefit from i) high season for tourism, ii) lower concerns about local political conflict, and iii) falling oil prices during the quarter. We are also positive toward the outlook for next year, as it is likely that the fuel surcharge will be reduced and martial law should be lifted.

### Risks

Major risks will come from renewed political instability in Thailand, major terrorist attack and disease outbreak.

### Falling oil prices

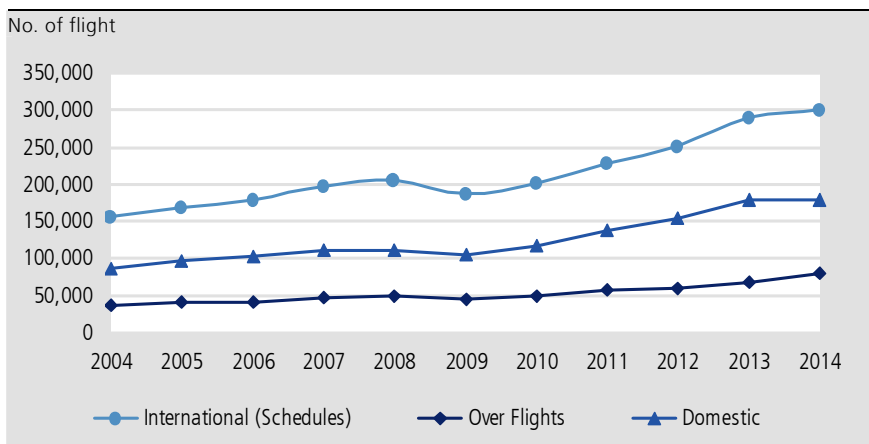
Dubai crude price has fallen to below US\$60/barrel, from an average of US\$100/barrel.

**Figure 1: Plunging oil prices - Dubai**


Source: Bloomberg; KGI Securities (Thailand)

### Air traffic control

Aeronautical Radio of Thailand reported that the number of flights has continued to rise over the past 10 years.

**Figure 2: Flight movement stats**


\*\*Excluding Non-Scheduled International Flights and Military Flights

Source: Aeronautical Radio of Thailand; KGI Securities (Thailand)

### Peer comparison – Key valuation stats

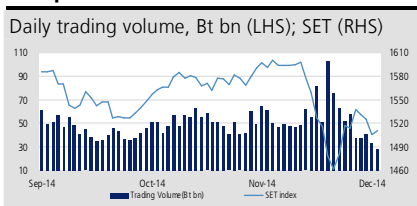
	Rating	Target price** (Bt)	Current price (Bt)	Upside (%)	13 EPS (Bt)	14F EPS (Bt)	15F EPS (Bt)	14F EPS growth (%)	15F EPS growth (%)	14F PER (x)	15F PER (x)	14F PBV (X)	15F PBV (X)	14F Div Yield (%)	14F ROAE (%)
AAV*	UR	5.20	4.42	17.6	0.22	0.03	0.25	(88.4)	916.0	176.8	17.4	1.0	1.0	0.0	0.6
NOK*	UR	16.90	12.80	32.0	1.88	(0.56)	1.27	(130.0)	(324.5)	(22.7)	10.1	2.0	1.8	0.8	(8.3)
THAI*	UR	15.50	14.70	5.4	(5.52)	(4.98)	(0.27)	(9.8)	(94.6)	(3.0)	(54.4)	0.7	0.7	0.0	(23.1)
AOT*	UR	274.00	278.00	(1.4)	8.55	10.59	12.42	23.9	17.3	26.2	22.4	3.7	3.3	1.5	14.7
<b>Sector</b>	<b>Neutral</b>							<b>23.7</b>	<b>18.8</b>	<b>44.3</b>	<b>(1.1)</b>	<b>1.8</b>	<b>1.7</b>	<b>0.6</b>	<b>(4.0)</b>

\*\*Target Prices based on Bloomberg consensus

Source: Bloomberg; KGI Securities (Thailand)

# Market likely to consolidate

## SET performance



Source: SET

## Market turnover Bt28bn

Bt bn	Buy	%	Sell	%
Retail	18.6	75.0	18.3	74.5
Foreign	2.5	10.0	2.5	10.3
Institutional	3.7	15.0	3.7	15.2

## Most active sectors

	Bt bn	Chng (%)	% of total
Ict	5.0	0.1	18.2
Property	3.4	0.3	12.4
Conmat	2.8	-	10.3
Energy	2.0	0.4	7.5
Banking	2.0	0.6	7.4

## Most active stocks

	Close (Bt)	Chng (%)	Bt bn
TRUE	11	-2.7	2.5
EPG	7	-3.5	1.8
AJD-W1	1.88	-	1.1
PTT	330	0.6	0.8
PAF	6.55	-0.8	0.8

## Daily NVDR report

### Increase

Stock	25-Dec-14 mn shares	26-Dec-14 mn shares	Value Bt mn
BBL	612.3	613.2	178.5
PTT	163.4	163.7	109.5
LH	2,246.9	2,250.9	37.1
INTUCH	554.8	555.2	27.1
AJD-W1	0.0	14.0	26.3
CPALL	367.7	368.3	25.3
CPN	216.7	217.2	20.8
MINT	245.6	246.2	19.4
EGCO	81.0	81.0	14.4
JAS	781.7	783.5	13.5

### Decrease

Stock	25-Dec-14 mn shares	26-Dec-14 mn shares	Value Bt mn
ADVANC	156.5	155.9	-148.0
DTAC	277.2	276.4	-72.9
KBANK	664.9	664.6	-58.9
CPF	521.6	519.7	-54.3
LH-W3	53.3	47.7	-31.1
AOT	66.7	66.6	-29.7
BLA	31.5	31.0	-25.4
BGH	361.0	359.6	-23.9
BTS	836.4	834.3	-20.4
IVL	171.5	170.7	-16.1

## Trader Comments

Rakpong Chaisuparakul (66.2658.8888 Ext. 8845)

The Thai market is likely to consolidate on Monday as the year-end is approaching and foreign flows will be quiet. Also, local institutional inflows since the beginning of December have been larger than we had expected and further buying is limited. At this point in time, we found that some investors are worried about possible selling pressure in early of 2015 due to the redemption effect from due Long-term Equity Funds (LTF). In addition, retail investors may stay on the sideline to monitor the effects of new measures to curb excessive speculation in SET announced earlier. Due the concerns mentioned above, we recommend short-term traders to trim equity positions before the close of 2014. However, for the longer term, we remain positive to SET in 2015 and call for SET target of 1,684pts based on target PE of 16.1x which is 5-year mean + 1.0SD.

## Quick Bullets

Thai Research Team (66.2658.8888 Ext. 8859)

**The Bank of Thailand has again lowered its economic growth forecasts to a mere 0.8% this year and 4% next year in anticipation of slower-than-expected government spending, lukewarm private consumption and weak export growth.** The full-year economic growth forecast of 0.8% was based on assumptions that fourth-quarter GDP would grow by 2.7% YoY and full-year export growth would contract by 0.5%. (Bangkok Post)

**Kasikornbank (KBANK.BK/KBANK TB)\* expects to open its first Cambodian branch in Phnom Penh in next year's second quarter** in a bid to become a regional centre of growth ahead of the imminent single market. (Bangkok Post)

**Passenger traffic through all six of Thailand's main airports this holiday season is enjoying a healthy recovery from a year ago,** when the political turmoil depressed growth. The period between Dec 26 and Jan 5 will witness an increase of 8.5% in overall passenger throughput and 8.8% in aircraft movements through airports operated by Airports of Thailand Plc (AOT.BK/AOT TB)\*. (Bangkok Post)

**Bangkok Bank (BBL.BK/BBL TB)\* will focus on extending more loans to small businesses next year** to tap growth opportunities from stronger demand amid an improved economic outlook. Targets include start-up companies, executive chairman Kosit Panpiemras said yesterday, adding that their credit lines would start from hundreds of thousands of baht to 10mn. (Bangkok Post)

**Despite expectations that the global oil price will stay low through the first half of 2015, PTT Exploration and Production Plc (PTTEP.BK/PTTEP TB)\*, the only SET-listed upstream petroleum business, predicts a positive showing for 2014.** President and chief executive Tavin Vongvanich yesterday said the effect on his company from the oil price collapse should be softer than for others in upstream exploration since PTTEP's production output was more mixed. (Bangkok Post)



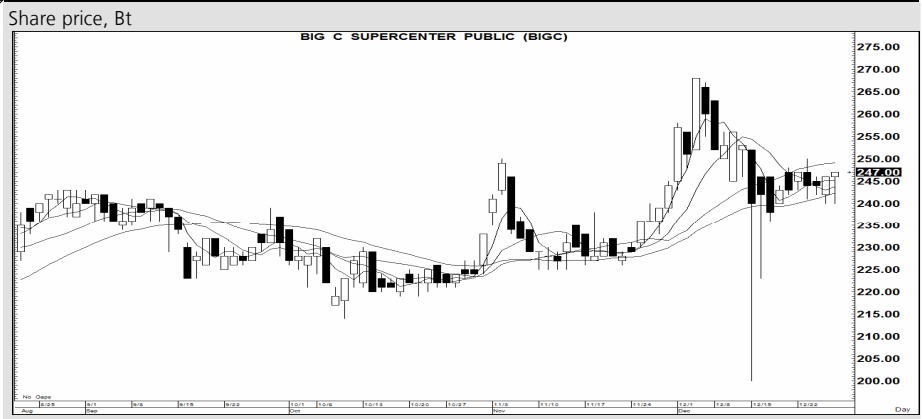
### Top 3 technical trade

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Note: The comments and views in this section are those of the Quantitative Strategy team and do not necessarily coincide with the views of the Fundamental Equities Research team.

**BIGC\* (Bt247)**  
Signal: Buy  
Indicator: Neutral-positive  
Action: Quick trade  
Comment: Momentum 255; cut the position if below 244.

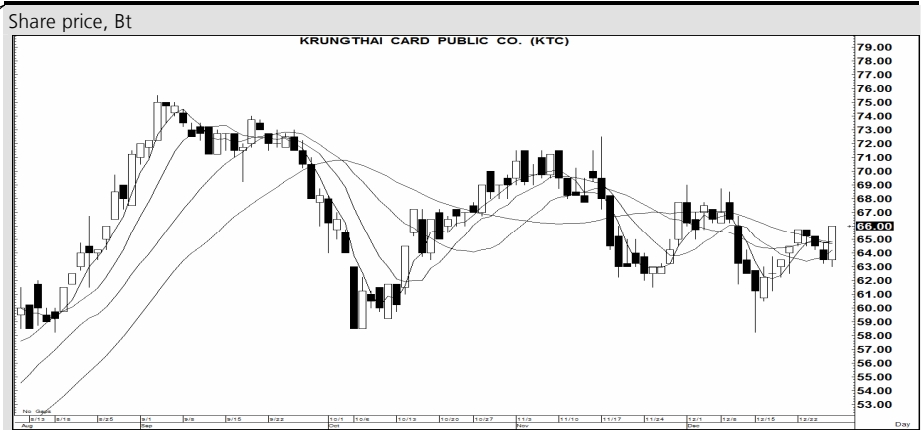
**BIGC\* (BIGC.BK, Bt247) Price Chart**



Source: Aspen

**KTC\* (Bt66)**  
Signal: Buy  
Indicator: Neutral-positive  
Action: Quick trade  
Comment: Momentum 68.50; cut the position if below 64.75.

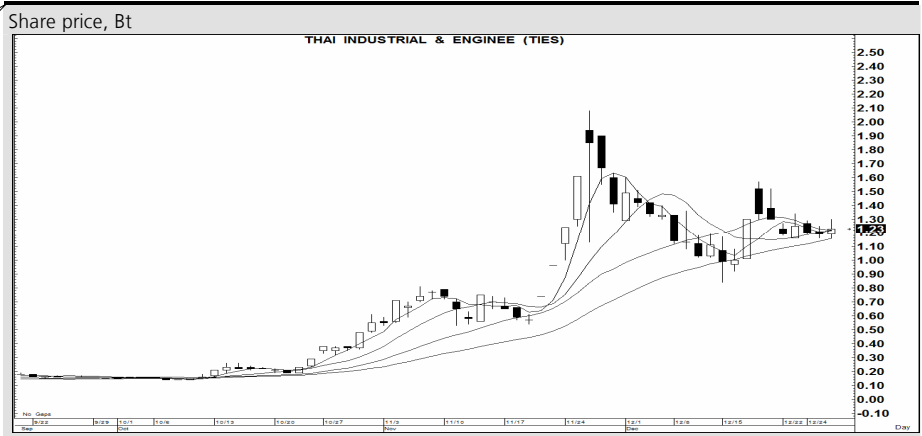
**KTC\* (KTC.BK, Bt66) Price Chart**



Source: Aspen

**TIES (Bt1.23)**  
Signal: Support buy  
Indicator: Neutral-positive  
Action: Quick trade  
Comment: Momentum 1.34; cut the position if below 1.19.

**TIES (TIES.BK, Bt1.23) Price Chart**



Source: Aspen





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<b>Rating</b>	<b>Definition</b>
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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